

**3-1-13.3 General standards of conduct for directors and officers.**

- (1) A director shall perform his duties as a director, and as a member of a committee, and each officer with discretionary authority shall perform his duties under that authority:
  - (a) in good faith;
  - (b) with the care an ordinarily prudent person in a similar position would exercise under similar circumstances; and
  - (c) in a manner the director or officer reasonably believes to be in the best interests of the association.
- (2) In performing his duties, a director or officer may rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
  - (a) one or more officers or employees of the association whom the director or officer reasonably believes to be reliable and competent in the matters presented;
  - (b) legal counsel, public accountants, or other persons as to matters the director or officer reasonably believes are within the person's professional or expert competence; or
  - (c) in the case of a director, a committee of the board of directors of which he is not a member, if the director reasonably believes the committee merits confidence.
- (3) A director or officer is not acting in good faith if he has knowledge that makes reliance otherwise permitted by Subsection (2) unwarranted.
- (4) A director or officer is not liable to the association, its members, or any conservator or receiver, or any assignee or successor-in-interest thereof, for any action taken, or any failure to take any action, as an officer or director unless:
  - (a) the director or officer has breached or failed to perform the duties of the office in compliance with this section; and
  - (b) the breach or failure to perform constitutes gross negligence, willful misconduct, or intentional infliction of harm on the association or the members.

Enacted by Chapter 204, 1994 General Session